

Housing in South-Eastern Europe¹

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Objectives and Approach

The task of this research is to highlight the housing problems in South-Eastern Europe both at national and regional level, and to single out the lines for future reforms that will enable the adjustment to the European standards. The geographical scope of the research covers Albania, Bulgaria, Croatia, Macedonia (FYROM), and Romania². Because of information constraints, the authors applied a 'two-step approach'. First an 'issue-paper' has been prepared, summarizing the main challenges on the basis of existing publications and data, and containing a list of 'issues', which seem to be the most important for future reforms in housing in South-Eastern Europe (SEE). The 'issue paper' and a questionnaire have been submitted to politicians and experts in each country who prepared - with the exception of Albania - 'position papers'. The research integrates the results of this process and provides suggestions for future reforms.

The Transition from a Centrally Planned to a Market Oriented Model

The five countries under discussion have a very different history. Probably the most important common element in their past is their communist heritage of 40-45 years after the World War II. In the early 1990s, the conditions for the housing sector have changed dramatically in the region towards the free-market direction. As a result, the real estate market appeared, former huge construction companies were split and privatized, the sale of construction materials was liberalized, restrictions on owning property were eliminated and a significant portion of state owned housing was privatized. During the transition, one of the first political changes in relation to the housing sector affected the role of the local administrative level. The responsibilities and control power of the freely elected new local governments over housing policy was increased in most countries, together with a transfer of previously 'state' assets (state owned housing stock, land, etc.). This was a significant step towards decentralization, even though housing typically did not become part of the core/mandatory tasks of local governments. The concrete processes, the pace of the changes were, however, different in SEE countries. In addition to country specific elements of the transition, the SEE region experienced political instability, internal and international political conflicts and dramatic migration, which created unstable circumstances for the housing sector. A more detailed analysis needs to identify the specifics of SEE sub-region in a comparative perspective.

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The Housing Situation in SEE Countries

Comparative data in the annex at the end of the chapter aim to compare three groups of countries: the EU members (EU-IS), the Central European countries (CEE-5), and the South-East European countries (SEE-5).³

Qualitative Housing Indicators

Compared to the generally slow increase of population in the Western part of Europe, the Central European region shows stagnation, while the population of the SEE region is declining. Although the data for SEE countries are less reliable, it appears that population declined between 1990 and 1998 by 1.2 million (consisting of 0.5 million increase in Albania, stagnation in FYROM, 0.3 million decrease in Croatia, and 0.7 million decrease respectively in Bulgaria and Romania (UN/ECE, 2000b). In addition, SEE countries have a huge economic backlog, not only compared to the EU-IS group (GNP per capita is only 7.3 per cent of those) but also compared to the CEE-5 group (37.5 per cent). This difference is a bit less, if the PPP (purchase power parity) method is used: in this case the data of the SEE group is around 17 per cent of the EU-IS and around 49 per cent of the CEE-15 averages.

According to data from the 1980s, the biggest increase of the number of housing units occurred in the SEE country group. As a result, the shortage of 950 thousand flats turned into a surplus of 850 thousand flats by 1990. 'Shortage' and 'surplus' here refer to the difference between the number of households and housing units. Other types of measures, e.g. the number of housing units per 1,000 population, still show a relatively low level of housing consumption in SEE (337) compared to that of the EU-IS (434) in 1990 (see Table 2A-1). It appears that SEE countries had a substantial 'reserve' in their housing stock at the beginning of the transition, which could have made it easier to 'survive' the difficulties of this decade, at least from the housing policy point of view. Such a statement, however, would need more careful analysis, as there might have been several types of 'mismatches' between housing units and households. One obvious mismatch was between the small size of the housing units and the relatively large size of the households (Budisteanu, 1997). The fact that the person per room indicator shows similar level between the two groups of countries might be the consequence of the lower SEE normative for the average size of rooms on new housing estates (in the CEE countries the normative for the size of the flat was around 53 sq.m. with rooms around 12-16 sq.m. in size, while in Romania, the largest SEE country the national average was 33.8 sq.m. (Romania, 2000, p.7). Further, the territorial mismatch between housing supply and housing demand could be measured by the territorial distribution of vacant units in the housing stock. The only available data refer to eight per cent vacancy rate for Bulgaria and Croatia, and six per cent for Romania around 1990 (MRI, 1996, p 43).

Quantitative Housing Indicators

The 'normal' link between the quality of the housing units and the age of the stock is that the younger the stock, the higher the quality. This relation is not reflected in Table 2A-2, as the SEE group with its youngest stock has the worst parameters, while the EU-IS group has the oldest stock but the best quality indices. One of the causes - besides the differences in the general level of economic development - is the fact that the communist countries were much more 'hit' by the wave of new housing estates, where the quality and standards of panel housing were relatively poor. As far as access to infrastructure services is concerned, the data show significant backlog in SEE countries compared to the CEE group and the EU average. These indicators show only in a limited sense the quality of the housing stock⁴. In the lack of any reliable

³ A methodological problem in the data-analysis is associated with comparisons of country-group averages. In these cases usually weighted averages are used, where the weights can be the country population (for population related indicators), the total number of housing units (for housing stock related indices), or the number of new housing units (for the analysis of new housing construction). The weighted averages of a group of countries are dominated by the values of the larger countries. The present grouping in SEE consists of small countries, with the only exception of Romania, which accounts for 58 per cent of the population. Thus the average is strongly influenced by Romania. Similarly, the averages of the CEE-5 group are dominated by Poland, which also accounts for 58 per cent of the population of the group.

⁴ There are no comparative statistics in the CEE and SEE region about the broader aspects of housing quality. In the latest EU comparative housing statistics, some countries take only into account the existence of basic amenities, while others try also to measure the need for repair (EU, 1998).

comparative information it can only be raised as a hypothesis that the physical conditions and the level of repair is probably one of the most important dividing lines between the three groups of countries. Without being able to give empirical evidence, most analysts would agree, that 'deferred maintenance' is quite limited in most of the EU-IS countries, much more common in the CEE group and almost dominant in the SEE countries. The link between the quality of the housing units and the age of the stock would be more relevant for the new dwellings built since 1990. New housing means also higher quality housing, especially because it is dominated by private construction for the better-off. However, as it can be seen from Table 2A-2 the level of new construction is low, around a quarter or third of the average of the EU-IS group. Thus the backlog in CEE, and even more in SEE countries, is increasing.

Tenure Change

Despite the common belief, most of the communist countries were never dominated by the state rental sector. Its share in 1990 was 28 per cent in the CEE-5 countries and only 19 per cent in SEE, which is pretty close to the EU average of 15 per cent (Table 2A-3). Moreover, the other types of rental sector (semi-public or private rental) were almost totally missing. As a consequence, the SEE countries in 1990 had a high share of owner occupied sector of 78 per cent on average (Bulgaria 91 per cent, Romania 76 per cent, Croatia 69 per cent, and Albania 64 per cent). However, 'owner occupied housing' was in many countries heavily controlled by the state through control over loans, prices of building materials and real-estate transactions (Hegedüs and Tosics, 1992). This fact underlines the necessity of deeper analysis - the real character of a housing system can never be judged only on the basis of the tenure structure.

There is an extensive literature existing about the restructuring of the housing stock after 1989-90 in the post-communist countries (see Banks et al., 1996; Hegedüs and Tosics, 1992, 1993; Tsenkova, 2000c). Without going into the details here, it is clear that the SEE countries belong to the category of 'fast privatizers' between 1990 and 1994 as much as 67.5 per cent of the already small share of public rental stock had been privatized (55 per cent in Croatia, 74 per cent in Romania and 98 per cent in Albania). This average is much higher than the similar figure of the CEE group, where only 12 per cent of the housing stock had been privatized by 1994, and only Slovenia (and partly Hungary) showed a pace of privatization comparable to the SEE countries. As a consequence of fast privatization, after the 1990 political changes the already high rate of owner occupation in the SEE countries increased from 78 to 89 per cent between 1990 and 1994 (in Romania from 76 to 89 per cent, in Croatia from 69 to 84 per cent, in Albania from 64 to 98 per cent). However, the new market oriented economic system did not bring about automatically the development of a real market-oriented owner occupied sector. In many SEE countries property titles remained uncertain, mortgage lending remained underdeveloped and the new owners were not even free to decide about the form of management of their building. There are problems with the informal and illegal forms of housing, the share of which is extremely high in the region.

Financial and Affordability Issues

Financial and affordability indicators belong to the relatively more difficult indices, because these are based on household income, real estate prices, and bank lending. This information is rarely available in SEE countries (see Table 2A-4).

The role of housing finance, which was already very limited in the communist housing system, fell substantially in the first years of transition, due to the high interest rates, monopoly situations in the banking sector and low paying capacity of the population (Hegedüs et al, 1996). These facts are well illustrated by the low level of housing credit portfolio and low credit to value ratios in SEE countries.

As it is well known, in the communist housing system public rents were kept low and the prices of public utilities were heavily subsidized, thus the total costs of housing were 1-2 per cent of income. Table 2A-4 shows that this situation started to change at the beginning of the 1990s. The introduction of market prices was quicker in the CEE countries than in the SEE region, and it was quicker for the utility prices than for public rents. By 1994, housing costs relative to income were twice as high (14 per cent) for CEE tenants than for SEE tenants (7-8 per cent).

Both figures were much lower than the same indicator for the EU countries (30-40 per cent). The tendency is to increase housing costs further; however, there are serious barriers in the payment capacity of the population. There is also a clear connection between the size of the public rental stock and the rent level

which can be charged - the smaller the public sector, the less possible it is to increase the rents since the poorest families have remained in the sector. Because of the small revenues (decreasing in real value) and the rapidly growing expenditures, public rental housing was considered to be 'negative asset' by many local governments (ILGPS, 1994; Hegedüs and Tosics, 1998; Tsenkova, 2000c). They were actively pushing forward the low-price privatization, transferring all burdens of deferred maintenance to the new owners.

Social Aspects of Housing

The most visible sign of social housing problems, street homelessness is a relatively new phenomenon in post-communist countries. As a consequence of the transition towards liberal market economy - bringing about along the elimination of job security and the security of tenure, the explosion of public utility prices, the disappearance of workers' hostels and the decrease of beds in hospitals - a large number of people are not financially capable to keep their homes, or provide any kind of accommodation for themselves. Due to these factors homelessness increased and became visible in the bigger cities of CEE (Hertting et al., 1999).

Parallel to the above changes, in most countries of the region the central government stepped back from direct interventions into the housing market and transferred the responsibility for social housing policy to the local level. Therefore nationwide social housing policies are weak. According to unofficial expert estimates street homelessness concerns at least 0.5 million people in the central and southern part of Europe. The data for Bulgaria refer to 7,000 people and for Romania - to 4,500.

The Housing Indicators Program used two comparable indicators for describing homelessness-type social housing problems in a broader sense. These were: 'substandard housing', as a percentage of the total housing stock, and 'social need for housing on local level' (i.e. only in the capital cities). Substandard housing was defined as housing with at least one of the following problems: housing built for temporary use; housing units not fulfilling the minimal regulatory criteria for housing regulated by the building code (e.g. units in basement); housing missing basic utility services (missing indoor toilet and bathroom); housing in buildings in exceptionally bad physical conditions not suitable for living. According to experts estimates (MRI, 1996), substandard housing in SEE is 6-19 per cent in Bulgaria, 14 per cent in Croatia and only five per cent in Romania. It can be argued that these results are due to differences in definitions and surveying methods.

The other indicator, social need for housing, was defined as the number of low income local population with at least one of the following problems: being homeless (street homeless); living overcrowded (based on the national or local definition of over crowdedness); living in (above mentioned) substandard housing; living in restituted flats with a notice to leave within a definite time. Comparable data were only available for the capital cities, showing a bigger social housing demand in the SEE capitals as in the CEE capitals, probably due mainly to the very crowded housing conditions of the population.

Country reports prepared as background to the current paper show only very limited development in the area of social support systems (Bulgaria, 2000; Croatia, 2000; Macedonia, 2000). In Bulgaria, cash and in-kind heating subsidies have been introduced, targeted to low-income households (covering roughly one-fifth of all households, giving a very limited support of 21 DM per heating season). In Croatia social safety net measures are restricted to particularly vulnerable population categories. In FYROM there is no social safety net system and there is also a lack of public support for maintenance and utilities for low-income households in Romania.

Regarding the access to social housing, available data suggest that in most countries public rental housing was in 1994 allocated mainly according to social principles (Slovakia: socially allocated units were 95 per cent of the total, Hungary: 74 per cent, Poland 50 per cent, Bulgaria: 90 per cent). However, in reality this statement does not mean too much, as the number of vacated and allocated public rental units became very low. As a consequence of broad privatization, even the most vulnerable and the lowest income groups of society have to find the solution to their social housing problems in the owner occupied housing sector, which would need special public interventions, currently missing in most South Eastern European countries.

The Main Housing Issues in SEE Countries

Demand and Supply Mismatches in the Housing Sector

The 1990s, however, is not a decade which could easily be analyzed in the SEE region on the basis of 'normal' processes. Due to unprecedented migration, the decade of the transition brought along extraordinary changes in the number of population, i.e. on the demand side of the housing market. In one group of the countries - Bulgaria, Romania, Albania - the main aspect of the changes was the opening of the borders. The other group of the countries (Croatia, FYROM) was hit directly by the war - in the course of which these countries gained independence - while this had also an effect on Bulgaria and Albania with a huge wave of refugees. As a result of all these factors the intensity of the migration processes in SEE was much higher⁵. Data on internal urban-rural migration show in most countries under investigation an increase of the capital city region. At the same time it is common that the population of the city itself is decreasing. These factors point towards a starting suburbanization process, which is, however, more than offset by the strong international immigration, concentrating on the biggest city.

The de-population of poorer areas is a common feature in all of the SEE countries. There is a strong internal emigration from the rural and other underdeveloped areas (e.g. in Croatia mainly islands), leaving behind a surplus of poorly maintained housing with insufficient communal infrastructure. This might be labeled as delayed urbanization, which was hindered in the communist period by administrative methods and/or allocation of subsidies for new construction. Since the administrative restrictions in the 1990s were eliminated, many of the city-oriented moves could finally happen (the most extreme case in this regard is Tirana). The result of this delayed urbanization is a growth of the vacancy rate in the total housing stock up to 8-12 per cent, while in the capital city region there is usually a housing shortage. The latter is especially true of the 'new capitals' (Zagreb, Skopje), in the case of which the concentration of government administration contributes to the increase in housing demand (Bezovan, 2000; Dolenc, 1998).

The supply side of the housing sector brought about in the 1990s a very slow development (as a result of the dramatic decrease in the amount of new construction). Moreover, in the case of some countries (Croatia) a significant share of the housing units has been destroyed during the war. Beside the factors analyzed on the demand and the supply side, the lack of efficient housing market is also an important reason for demand and supply mismatches. One of the few advantages of the privatization policy was the contribution to the supply by those households who had an 'over consumption' in housing, because the incentive to 'cash' this reserve became higher after privatization. However, in several countries the new legislation brought also uncertainty to the market. This is true, first of all, for restitution (Bulgaria, Romania, Albania), as this opened a new area for legal actions and made the transactions less safe. The countries where restitution policy was applied reported considerable legal litigation. In terms of housing economics this meant that the transaction cost in the housing market has increased. In Romania, for example even the right to sell the newly privatized apartments was curtailed by the legislation. This eliminated potential inequity effects of future transactions (e.g. that the poorly informed and cash-short households facing economic difficulties will sell their property below the real prices). It is important to emphasize that these factors, contributing to the inflexibility of the housing market, make housing less affordable for low income households, as they are less able to move to units which were better match their housing needs and possibilities.

Community Infrastructure Development

The infrastructure networks in SEE countries in the earlier decades have never been sufficiently maintained and today the quality is usually low. The existing electricity, water services would need substantial maintenance and modernization; there are huge leakages in the water systems, inefficient energy-saving systems lead to unacceptably high energy costs, breakdowns occur often, etc. In the areas of dynamic population development there are huge infrastructure problems. In many cases the extension of these services is not following the quick increase of population. The extreme case is Tirana, where the inhabitants of informal settlements (30 per cent of the population!) are joining illegally to the existing infrastructure networks, causing almost total breakdown in these services (Deda, 1998, 2000).

⁵ For the purpose of a housing sector analysis not only the balance of migration is of importance, but also its territorial distribution. The loss in total population number does not necessarily mean an equal decrease in housing demand - the immigrants might concentrate in settlements with already tight housing markets, while substantial part of the emigrants might ease pressures in housing markets of settlements where there is no demand whatsoever for the empty units.

Besides physical infrastructure, there are also problems with the social services infrastructure. Many of the once developed social services would need substantial public subsidies to function under market conditions. In the lack of such subsidies many cultural and social institutions have to be closed, leading also to decreasing quality of the urban environment. The lack of public subsidies, and the low level of the planning control of the local government, leads also to the neglect of public spaces. The explosive development of private sector activities brings a partial solution to these problems, but not always in the necessary coordinated way, leading very often to the private use of public areas. The culmination of all these problems, mainly on the housing estates built 20-30 years ago, leads to deterioration and disengagement of residents from their environment.

New Housing Construction

In the transition period new housing construction became primarily a private responsibility in SEE countries. This was a complete change for at least Romania and Albania (in Romania in the 1980s over 90 per cent of new housing was produced by the public sector, while this share has decreased below one per cent by 1999). Due to high interest rates, low real incomes of the population and the relative saturation of the housing market (in most countries the number of housing units exceeds that of the households), new housing construction decreased at the beginning of the 1990s to very low levels. State-financed housing construction practically disappeared. Detailed analysis of the new construction activity shows that the parameters of the newly constructed units improved significantly compared to the units built in the 1980s. In Romania, for example, the average size of the new units increased from 30 sq.m. (1980) to 47 sq.m. (1994), and also the share of units in smaller houses (up to two stories) increased from 25 per cent to 82 per cent.

Parallel to improvements in quality, new housing became more expensive, particularly in cities. As a logical consequence of high prices and high tax burdens on new construction, and the unwillingness of the financial sector to lend to the population, SEE countries face the problem of huge amount of unauthorized, illegal building. Albania is the extreme example; in Romania the share of unauthorized housing construction is about 20 per cent of all new housing in 1998 (Budisteanu, 2000). Although all administrative limitations were removed in order to enhance the role of the market in new construction, entrepreneurs face serious limitations due to low purchasing power of the population. The liberation of the housing construction sector, the disappearance of the former monopolistic state enterprises led to free competition, resulting in the emergence of too many small companies not able to access development finance (Hoffman and Koleva, 1993; Huremovic, 1998; Tsenkova 2000a). The price of construction materials increased to world-market level and in some countries new monopolies have arisen through the market-type concentration of capital in the hands of some big Western building material industries.

Maintenance, Renewal and Rehabilitation

It is well known that only a small part of the public rental stock was in good condition when privatization started at the beginning of the 1990s. The new owners got their dwellings at a very low price and most of them could pay off the sales price soon (or the high inflation washed away the debt). This was the short-term advantage of the give-away privatization (Budisteanu, 2000). In fact, serious maintenance works did not start in most SEE countries - only the report from Croatia contains a statement that the maintenance of multi-family housing improved after privatization. The main reasons for that can be summarized as follows:

- With privatization the responsibility of maintenance was transferred to the households, without ensuring the proper financial, administrative and legal conditions.
- Housing played an important role in the strategy of households in transition. In economic hardship, households postpone housing investments and maintenance expenditures, which could lead to deterioration of the stock.
- In the privatized multifamily housing sector there is a lack of cooperation ('collective actions') considering decision-making and financing of operation, maintenance, modernization and new investments. One of the main causes of this non-cooperative behaviour is the lack of legal basis for efficient enforcement methods against non-payers.

The lack of comprehensive maintenance is leading to serious technical deficiencies of the multi-family stock⁶. The 'improvement of the prefabricated buildings and neighborhoods is still not on the political agenda in SEE, although there have been some discussions about the energy efficiency improvement of the panel buildings. It is not easy to find the way out from this situation. It is not enough, for example, to pass a Law for Condominiums, as it is almost certain that its regulations will in order to enhance cooperation - get in conflict with the general political and legal protection of individual rights of owners (Banks et al., 1996). It is not easy to find a correct system of state financial support for the maintenance of common parts of the privatized multi-family buildings; any subsidies are immediately criticized by people who could not participate in the give-away privatization of housing.

The Affordability of Housing

After the transition the nature of the housing affordability problem has been changed. The market forces give more chances to adjust housing consumption to the housing needs and financial possibilities of the households, under the condition of the efficient housing market. However, because of the rigidity of the housing markets (high transaction cost), and inefficiency in the housing related service sector (as water, waste management, district heating, maintenance, etc.) housing costs have increased faster than incomes. The affordability issue has two aspects: the affordability of housing maintenance and operation, and the affordability of the access of housing. The factors influencing the affordability problem are shown in Figure 2.1.

The problem of affordability of the maintenance and operation of the stock is related first to the level of consumption. The general statement is that the level of housing consumption is much lower in SEE than the EU standard, but probably it is in consistency with the level of economic development of these countries. The second issue is that this consumption level leads in the existing economic environment to a housing cost, which is influenced, on the one hand, by the efficiency of the sector, and, on the other hand, by the subsidies and taxes (that is government intervention). Housing consumption should be defined in a broader sense including not just the housing unit, but the housing related services. In the household budgets and household decisions these services are closely related.

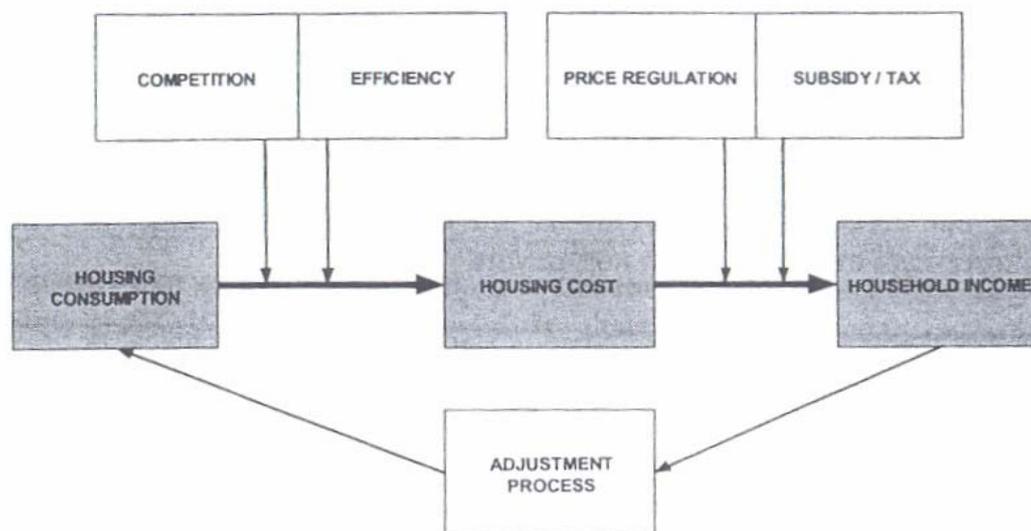


Figure 2.1 Housing Affordability

⁶ In Romania 2.5 million units would need urgent infrastructure upgrading, and there is a substandard stock of over 17 thousand units built in the early 1980s in urban areas (Budisteanu, 2000). In Bulgaria several panel blocks in Sofia threaten to collapse due to technical failures and sinking foundations (in connection with long lasting damage of the sewers beneath the buildings). The need for rehabilitation of buildings dangerous for the life of their habitants is very urgent, in the case of at least 70 thousand units. The required sanitation costs are around 1500-2500 USD/flat, while the average monthly salary is, around 110 USD (Bulgaria, 2000)

The efficiency issue in the housing related services is connected to the problems of decentralization, that is, the proper institutional framework. These countries inherited a centralized intergovernmental finance system, and the administrative reform steps have not as of yet provided real devolution of responsibility and decision making to lower levels of government. This has contributed to the low performance of the public sector. Governments had to give priority to maintaining the macroeconomic stability, while the services provided by the public sector have deteriorated very fast in the last ten years. The most important factor determining these processes was the lack of the real responsibility and incentives for the owners (local governments) to improve the management of local expenditures and revenues.

It is not the centralized structure of public sector itself which is responsible for the deterioration process, but much more the coexistence of a disintegrated public sector, having a decreasing capacity to enforce the basic laws, with an emerging uncontrolled private sector. The service provider is basically reimbursed for its cost through a budget negotiation process, where neither the municipal/district government nor the service providers have discretion over expenditures and revenues. The central government provides less and less resources to the services; the service provider with no incentives to improve services and without real political control over its performance, produces less and less, and lets the system run down. In extreme cases the outcome of these processes are cutting district heating, limiting the water supply and electric service, etc.⁷

The discrepancy between the housing costs and the household incomes raises the question of housing subsidies and taxes. The untargeted subsidy system and the regressive tax system make the problem more serious and politically less acceptable. The next issue is how do households react to affordability problems? The first question is whether the households can adjust the level of their consumption, and the second, whether they have any incentives to do so. The whole legal and institutional framework of the housing system should be reviewed to answer these questions. The country reports indicated a huge mismatch between the housing stock (consumption) and the household income. The increasing inequality of household income contributes to the imbalance. The result is a dramatic increase in housing arrears⁸.

The affordability of access to housing is a different question. The basic affordability indicator is the Price/Income ratio. On the basis of the reports the P/I ratio on the secondary market can be estimated to be around four to six years, and on the market of the new units around 10-15 years. No reliable data exist, but the general tendency is that on the new housing market the prices are very high, serving only the demand of the upper income groups. On the secondary market the picture is mixed, because of the rigidity of the market⁹. The lack of a rental sector in the region contributes very much to the growing affordability problems. The distorted tenure structure, the lack of the rental sector, especially private rental sector, has very harmful effects. A larger private rental housing sector could considerably help to achieve housing policy goals such as greater flexibility, mobility, and reduce the demand for subsidies for owner occupied housing. .

⁷ In Bulgaria 589,000 households have dwellings with central heating. The first self-defending step at insolvency has been voluntary disconnection from the service. Based on heating companies' reports only in Sofia 207,000 households have given up central heating (entirely or partially) - this makes 58 per cent of all dwellings with central heating and 44 per cent of all households. Further, the central-heating systems were abandoned in several medium-sized towns, again due to mass voluntary refusal service (Bulgaria, 2000)

⁸ In Croatia 10-15 per cent of the arrears are processed in court, there is no foreclosure against debts with energy, water, etc. In Macedonia the rent payment ratio is only 30-35 per cent. In Skopje arrears are rare, in many cases more than one family lives in one flat, so they can cover utility fees, which have reached market price level (Macedonia, 2000)

⁹ In Romania the number of transactions increased steeply in the first years of transition, to level later and start to decrease in the last couple of years. Based on recent data, housing prices on the secondary market have fallen; the difference between prices in Bucharest and other cities has increased; similar differentiation can be observed between central locations and peripheral ones. The same pattern is valid for the land market, where prices per sq.m. vary between 5 USD in the periphery to 500-600 USD in the most fashionable areas (Budisteanu, 2000).

The Main Housing Policy Challenges in SEE Countries

Fiscal Challenges

The governments of the region are under huge fiscal pressure. In the transition countries the housing sector related fiscal issues influenced both the revenue side and the expenditure side of the government budget. On the revenue side three types of financial resources can be distinguished: i) traditional resource of the government budget (based on taxes and other state revenues); ii) revenue of housing privatization; and iii) off-budget sources (lower rent, tax evasion etc.). On the expenditure side the inherited commitments ('old loans'); the operational subsidies of the existing stock (both state owned and private) and the new programs are the major outflows. Government deficit, as an important source of macroeconomic instability, exercises a considerable pressure on the need to balance the revenue and expenditure side.

Housing subsidies, which used to account for as much as 5-10 per cent of the budgets, decreased substantially or disappeared from the budget in the SEE countries. The typical reaction to the macroeconomic difficulties was the elimination of direct housing subsidies, which was one of the factors explaining the decline in housing construction (Romania, Bulgaria, and FYROM). Housing privatization had two effects on fiscal issues: i) the revenues from privatization were partly or wholly used in the housing sector, but the size of the privatization revenue was small (in Albania basically zero) in comparison with the value of the stock, and ii) with privatization the 'expenditure need' has decreased as fewer units needed operational subsidies. However, there are hidden subsidies, which are transferred to the sector, such as the unauthorized construction, low rents, user charge arrears, tax evasion, etc. The new construction and the real estate sector are the typical areas for tax evasion.

New programs were launched (Albania, Romania), but with limited resources and with a limited effect. In addition, subsidy programs targeted to special social groups - homeless, young couples - were initiated. Because of the fiscal pressure, there is no possibility to provide a substantial part of housing finance from the state budget. These problems might be addressed through the following potential measures:

- The role of the intergovernmental fiscal relations should be reconsidered. As a part of the fiscal decentralization, local governments should play a substantial role in housing. However, there are problems, which cannot be tackled efficiently only on the local level, therefore need at least framework-type regulation on the central level (e.g. housing allowances to the poor).
- Politically aimed housing programs usually mean urgent interventions into the system without taking into account the longer-term effects. These programs should be consolidated with the other elements of housing policy.
- There is a need to incorporate the off-budget subsidies into the general economic and housing policy. It should be done parallel to the program which aims at pushing the informal economy towards the formal economy.

Housing Finance Challenges

One of the most common phenomena in the region is the lack of housing finance institutions. While in market-oriented housing systems the loan/housing value ratio is around 60-80 per cent, in the region the ratio has dropped to less than ten per cent. The role of loans in housing finances is not simply low but has dropped from a relatively low level to almost zero in the past eight to ten years¹⁰.

The questions are: what is the reason for the low level of housing finance? What would be a good strategy to develop housing finance institutions? When restructuring the housing finance system, the main options are to integrate housing in the whole financial system; or to establish separate housing lending institutions (e.g. housing saving banks). In the developed countries there is a tendency that the housing finance institutions become part of the capital market, and special housing banks the gradually into general financial institutions. This should also be the longer-term aim in the region - however the urgent political need for 'market' housing finance can give place temporarily to mixed policies.

¹⁰ In Romania, in 1999 the investment in construction represented only 5.9 per cent of total investment. Most of the private investment (close to 90 per cent of total) was cash based (56 per cent own resources), other equity (22.9 per cent) and bank loans (11.2 per cent) (Budisteanu, 2000)

The second question housing policy should face is a strategic one: which segment of the market should be targeted through the new housing finance system? Any potential solutions should consider the following aspects:

- Demand side support for new units and purchases of existing units (encouraging mortgage lending, down-payment assistance, interest rate subsidies, support through land price subsidies, public-private partnerships, etc.).
- Financing of housing rehabilitation (guarantee funds, subsidies and regulations, etc.).
- Promoting private rentals ('non-profit' landlords, rent regulations, housing allowances, etc.).
- Other indirect assistance (e.g. price information systems).

Legal Challenges

The lack of a proper legal framework is one of the key issues of the transition. There are three problems which should be separated: i) regulation of property relations; ii) proper legal framework for certain institutions (for example for the market-type mortgage system); and iii) enforcement issues (Banks et al, 1996; UI, 1993; UN-ECE, 1997).

There are many typical property-related phenomena in the SEE countries in the transition period:

- Much attention is paid to correct the injustices of the past, giving advantages to individuals sometimes at the expense of bigger neighborhoods, communities (restitution of plots in existing housing environments).
- Great emphasis is given to protect the rights of individual owners, sometimes even at the expense of the right of the interest of larger entities (e.g. condominiums).
- In some countries the interest of the state/local government is heavily protected, sometimes even at the expense of the interest of the groups of new owners (e.g. the ownership of the land on which condominiums exist is kept by the local government).
- In some countries the interest of the public is not protected at all, the state/local government has not even the minimum of enforcement rights against the illegal/informal actions of individuals (occupation of land, use of infrastructure, etc.).

The legislative framework for the functioning of the housing institutions should provide the legal conditions for:

- Housing loan and mortgage system (sharing the risks).
- Housing supply (developers' role, guarantees, building codes, new housing construction - to avoid illegal construction which has high external costs).
- Secondary housing market (land registration, price information, taxation, transaction costs, privatization, restitution).
- Housing service related user charges and rent regulation (condominium law).
- Housing rights and safety net issues (subsidy programs and the role of local governments).

These areas are interrelated and often contradictory. For example, certain safety net regulations could block the development of the housing finance system. The third and partly independent issue is the enforcement problem. The general problem in the region is the political legitimacy of the state. The experiences in the region show that contradictions in the legal framework make it impossible to enforce the rules, but in most of the cases the authorities do not have the political will and/or ability to implement them.

The improvement of the legislative framework, which must be carried out country by country because the political situation is very different in the region across the different countries, must cover at least the following areas:

- . Property rights issues (privatization, restitution, land registration, real estate market).
- . Regulation of building permits.
- . Rent and user charge regulations.

- . Condominium legislation.
- . Enforcement: eviction and foreclosure issues.

Housing Policy Priorities in SEE Countries

The decision making structure in housing policy The political representation of the housing sector has substantially weakened after the beginning of the transition; the responsibility in most SEE countries is still scattered among several ministries.

Country reports identified the lack of institutions whose task would be to coordinate housing policy at the central or local level as a major constraint for policy development. The following suggestions were made:

- Bulgaria: establish National Housing Agency and National Housing Fund, strengthen municipal housing institutions, housing associations.
- Croatia: establish Parliamentary Committee for Housing (setting housing as a political priority).
- Romania: strengthen the Ministry of Public Administration and Housing.

There are some recent institutional innovations in the housing sector, one of which is the establishment of the National Housing Agency in Romania. This body is responsible for the coordination of financial resources for new construction (80 per cent) and for the purchase of existing dwellings (20 per cent).

Housing policy priorities Officials and experts of the countries under review were asked to prepare an evaluation on housing policy priorities. The first question to be answered was how the three most important aspects (quantitative shortage, deterioration of the existing stock, social/affordability problems in the existing stock) could be ranked according to importance of the problem. Respondents had to prepare two rankings: I) as these problems are ranked in official documents and II) according to their own opinion. The following table summarizes the results.

Table 2.1 Most Important Housing Policy Aspects

	Bulgaria		Croatia		FYROM		Romania	
	I.	II.	I.	II.	I.	II.	I.	II.
I. in official documents								
II. personal opinion								
Need for new housing	3	3	1-2	1-3	1	2	1	1
Deterioration of the existing housing stock	1	1	1-2	1-3	3	3	2	2
Social/affordability problems in the existing stock	2	2	3	1-3	2	1	3	3

Note: Ranking values: 1 - the most important and 3 - the least important problem.

Source: Country Survey, 2000.

The biggest difference was between Bulgaria and the other SEE countries: in Bulgaria the quantitative aspect was ranked as the least important, while the other countries listed housing shortage as the main problem. In FYROM there was a significant difference between the official and personal ranking.

The second question was what the main priorities of the given country were in housing policy. Six potential public interventions were listed, and the respondents had to prepare two rankings: I) as these interventions were prioritized in official documents and II) according to their own opinion. The six potential public interventions were in connection with the three main aspects listed in the first question. Responses in Table 2.2 show an interesting differentiation between more market oriented and more public sector oriented versions of the interventions.

- In the case of new construction (to solve the quantitative housing shortage) most countries prefer the market-oriented solution, i.e. to support new housing construction in the private sector, as opposed to building new housing in the public rental sector. The only exception is FYROM, where preference is given to the extension of the public rental sector.
- Regarding the renovation of housing (to solve the problem of the deterioration of the existing stock) the picture is more mixed: Bulgaria prefers the market-oriented solution (to support renovation of housing in the private sector), Romania gave different rankings, while FYROM prefers the renovation of housing in the public rental sector.
- Concerning housing allowances (as a solution to the social/affordability problems in the existing stock), all countries prefer the more public sector oriented version of this intervention, i.e. to offer housing allowances, social support in the public rental sector instead of in the private sector.

Table 2.2 Housing Policy Priorities

	Bulgaria		Croatia		FYROM		Romania	
	I.	II.	I.	II.	I.	II.	I.	II.
I. in official documents								
II. personal opinion								
To build new housing in the public rental sector	6	6	1-2	1-5		2	5	6
To support new housing construction in the private sector	5	5	1-2	1-5		5	1	3
To renovate housing in the public rental sector	2	2	3-6	6		3	2	5
To support renovation of housing in the private sector	1	1	3-6	1-5		6	4	4
To offer housing allowances, social support in the public rental sector	3	3	3-6	1-5		1	3	1
To offer housing allowances, social support in the private sector	4	4	3-6	1-5		4	6	2

Note: Ranking values: 1 - the most important and 6 - the least important priority.

Source: Country Survey, 2000.

Country delegates were asked to give their opinion about the possibility to use given methods of intervention into the functioning of the housing market.

Table 2.3 Methods of Intervention in the Housing Market

	Bulgaria		Croatia		FYROM		Romania		*	**
	*	**	*	**	*	**	*	**		
* important measure, does not exist										
**important measure, similar exists	*	**	*	**	*	**	*	**		
A) Subsidies to increase efficiency	4	5	1	5	5	5	0	2	10	17
B) Social safety net	0	3	0	2	3	3	2	3	5	11
c) Legal regulation	0	1	0	1	0	0	0	2	0	4
D) Institutional building	1	2	0	2	1	1	0	0	2	5
E) Policy development	0	3	0	3	2	2	0	0	2	8
Total	5	14	1	13	11	11	2	7		

Source: Country Survey, 2000.

According to the results in Table 2.3 countries showed the biggest interest for the measures belonging to A (subsidies to increase efficiency) and to B (social safety net). There was a bit less interest for E (policy development) and D (institutional building), while the least interest was shown towards C (legal regulations)¹¹. The biggest interest towards new instruments (non-existing in the country so far) was shown from FYROM, while Bulgaria and Croatia are very much interested in ideas, which could contribute to the improvement of the functioning of already existing measures. The least interest towards new or already existing measures was shown by Romania. Although the results need to be handled with caution since they are not representative of the views of a wider policy community, they show clear preferences towards concrete methods to improve the efficiency of the system and the social safety net.

Conclusion and Recommendations for Future Work

Housing plays an important role in the restructuring of the economy in the South Eastern European region. The dynamic processes of population changes (war-related, economy/politics oriented) have led to significant changes in the territorial distribution of the population and in urban patterns within a short period of time.

Emerging Housing Problems in the 1990s

As a result of the quick withdrawal of the state sector, the slow development of market institutions, and the informal economy, a very special housing situation emerged in the region during the 1990s. Urban areas became dominated by highly privatized housing systems, with significant share of run-down multi-family units and high share of poor households. Further specific elements of the situation were the following:

- The dominance of informal and partly illegal self-help strategies (in new construction, extension of existing units, occupation of public space), causing serious deficiencies and strong spill-over effects to the other parts of the economy.
- The quick deterioration of large multifamily dwellings, with no hope for the necessary urgent targeted renovations, due to the withdrawal of the state, the low income of the owners and the lack of their cooperation.
- The land markets in some metropolitan regions becoming very tight, as significant parts of the urban land were disputed in the restitution process and as a result of migration processes to bigger urban places.
- Dramatic increase in social and affordability problems due to the increasing housing costs and stagnating/decreasing personal incomes, leading to increasing territorial concentration of the poorest families.

The analysis has shown that the main challenge in the South East European region is to find solutions for the housing problems in highly privatized housing systems with a high share of poor households. The main problem - except for Albania, some war -affected parts of Croatia and the capital city regions - is not the shortage of housing but, on the one hand, the deferred maintenance and the inadequate infrastructure of the existing stock, and, on the other hand, the lack of any social safety net measures to protect the poor families living in owner occupied multifamily housing.

Strategies in the 1990s

The countries of the SEE region are currently in a temporary stage in their transition from communist towards market housing policy - all elements of the previous regulations were dissolved, while the introduction of the new market regulation is in some of the countries only at its initial stage. The housing stock is dominated by owner occupation, property registration is still unclear, there is no mortgage lending and many of the market actors are still missing. The next step of transition - marketization of the system - was introduced much more slowly, the prices of infrastructure and utilities were increased gradually, and the

¹¹ Among the specific measures the biggest interest was shown towards A1: subsidies for improvement of common parts of multi-family housing (subsidized loans). Other frequently chosen measures were the following: A2: subsidies for energy-saving improvements (with economically realistic technical goals), B1: targeted housing allowances for tenants, including also utility payments, B2: housing allowances for owners, including also utility payments, A4: programs to establish extend the non-profit rental sector, A5: programs to extend the social rental sector

harsh legal regulations for non-payment were postponed. The slower transition ensured a longer time period for the adaptation to the new market circumstances. This strategy made it possible for the state to avoid spending on housing (neither new construction nor social safety nets were subsidized), thus concentrating on more urgent tasks.

This 'shock-absorber' approach towards housing in the SEE countries can not be kept for much longer. It is now high time to start the next phase of transition, the change towards a real market housing policy with a carefully designed social safety net. This is urged, on the one hand, by the surmounting problems with deferred maintenance and arrears, endangering even the basic functioning of the present housing policy. On the other hand, there is a growing impatience of financial institutions, and of better-off families, who would like to enjoy the advantages of better housing circumstances, which could be developed if the legal and financial framework would be in place. Thus both the pressures from below and the challenge from the top urge the state to play a more active role, to introduce a more elaborated housing policy, increasing again its role in regulation and - where necessary - in subsidizing.

Towards a New Approach

The main aspects of a new effort in the modernization of housing policies in the South Eastern European region should be the following:

- Establish a new legal framework, which is comprehensive, market oriented, including positive and negative measures (positive: to help the development of the market-oriented institutional structure and the reshaping of informal economy, negative: to introduce measures against tax evasion, arrears, illegal and informal housing processes).
- Develop market-oriented institutional structure (national housing policy organizations, specification of the rights and responsibilities of local governments, development of new institutions such as associations and condominiums, creating incentives for the housing related service sector).
- Determine new housing policy priorities, taking into account the unavoidable social consequences of the increasing market-orientation (the need for a stronger, fair and sustainable social safety net in order to help the most needy population groups), the surmounting problems with the deterioration of the existing housing stock (the need for more maintenance and modernization activities), and the shortage situations in given local sub-markets.
- Develop a special strategy, where necessary, to move the informal economy towards a legalized, market based sector, with the help of special public interventions (to involve the population, to establish non-profit and participatory institutions, and to legalize illegal settlements).

In this regard a significant part of the suggestions must be 'path-dependent', taking into account the developments of the last decades, and also country-specific, with regard to the present realities. Housing policies will most probably become increasingly differentiated in the region, reflecting the growing differences in the political, economic and social development of the individual countries.

There is a widely held view among analysts of the region that the maintenance and affordability issues are more serious than the need for new construction (Buckley and Mini, 2000; Tosics, 2001; UI, 1993). However, the former are not recognized as national housing priorities, and are transferred to the local level where not enough financial means and legal power exist.

Thus, in our opinion, in order to be able to judge the different options for housing policy development in the countries of the region, special attention must be given to two, so far neglected aspects of housing policy: to the maintenance/renewal problems of the privatized multi-family housing stock, and to the housing problem of the poor. These are the main alternatives to new construction, with a clear need for more analysis, as the main efforts of the state and the main market actors concentrate on the easier option of new construction.

This means that in the special situation of the SEE countries increased attention must be paid to the physical and social problems of the existing multi-family housing stock, especially to that part of it in which lower income families are concentrated. Parallel to that, a more differentiated policy must be established towards the owner occupied sector: one part of this will easily turn into the market sector, while the other must be subsidized in order to be able to house the poorer segments of the society, living in abandoned multi-family buildings.

The Council of Europe could provide important help to the SEE countries in their further transition towards a market housing policy with sensitivity to social housing problems. In this future technical assistance a major role could be given to the transfer of knowledge from Western European countries, who have plenty of experience in dealing with lower income strata of society and also with subsidy methods for housing improvement, and from Central European countries, with the experiences in the establishment of social safety nets and the creation of cooperative improvement policies for the multi-family building stock.

Annex Statistical Information

Table 2A-1 Quantitative Indicators: Population, Households, Housing Units

	EU-15	CEE-5	SEE-5	Albania	Bulgaria	Croatia	FYROM	Romania
Population mid year 1998, million**	374.4	66.4	41.1	3.8	8.3	4.5	2.0	22.5
Population 1994. mill*	371.9	66.5		3.2	8.4		1.9+	22.7
Population 1990. mill*	366.0	66.1	41.5	3.2	8.7	4.8	2.0	22.8
Population 1980. mill*	355.4	63.6		2.7	8.9	4.6		21.6
Population 1990/1980*	103.0	103.9	104.5	117.4	97.7	104.0		105.8
Population 1994/1990*	101.6	100.7	99.0	100.1	97.2		97.0	99.7
Age distribution: share of 0-14 year olds,% (1990)*	17.0	23.5	22.6	33.0	20.1	19.7		22.7
Households, th, 1980*	120.157	20.723	11.548	463	3.030	1.424	376++	6.631
Households, th, 1990*	140.481	22.330	12.466	675	2.965	1.544	443++	7.281
Households, 1990/1980	116.9	107.8	107.9	145.8	97.8	108.5		109.8
Households, 1994/1990	103.5	101.1					113.8++	
Average household size, 1990	2.6	3.0	3.2	4.7	2.9	2.9	3.9++	3.1
Housing units, th, 1980*	141.602	19.199	10.604	454	2.389	1.382		6.380
Housing units, th, 1990*	158.784	21.381	13.296	675	3.387	1.576		7.659
Housing units, th, 1994*	167.521	21.954	13.466	700	3.414	1.608	548+	7.744
Housing units, 90/80	112,1	111,4	125.4	148.6	141.8	114.1		120.1
Housing units, 94/90	105.5	102.7	101.3	103.8	100.8	102.0		101.1
Housing units per th pop, 1980	398.4	301.8	280.8	166.6	269.1	300.2		295.9
Housing units per th pop, 1990	433.8	323.5	336.9	210.9	390.7	329.3		335.8
Housing units per th pop, 1994	450.5	329.9	345.1	218.6	405.1			340.7
Households per housing units, 1980	0.85	1.08	1.09	1.02	1.27	1.03		1.04
Households per housing units, 1990	0.88	1.04	0.94	1.00	0.88	0.98		0.95
Floor area per person, sq.m. 1994*		22.4	17.3	7.8	16.7	22.1	21.1	17.4
Person per room, 1994*		1.2	1.2	2.8	1.0	1.1	1.0	1.2

+The 1994 Census in FYROM. ++Household Consumption in FYROM in 1999.

SEE-5 data is the average of the data of those of the 5 countries of which data are available.

Source: for EU-15: EU, 1998, for ECE-5 and SEE-5: *MRI, 1996, **UN/ECE, 2000b (own calculations).

Table 2A-2 Qualitative Housing Indicators: Age of the Stock, Amenities, New Dwellings

	EU-15	CEE-5	SEE-5	Albania	Bulgaria	Croatia	FYROM	Romania
1990 housing stock: built before 1945, %	35	31	20	15	23	24		18
Built between 1945-70, %	33	30	43	39	46	34		40
Built between 1971-80, %	19	23	22	24	14	24		25
Built between 1981-90, %	13	16	18	22	17	18		17
Dwellings with piped water, %		86.0	69.6	33.3	91.4	70.0	87.3++	63.2
Dwellings with sewer connection, %		65.6	47.6	40.2	n.a.	46.0	66.5++	48.6
Dwellings with fixed bath or shower, %		79.6	58.2	45.0	75.5	75.7	62.2+	48.2
Dwellings with central heating, %	84.2+	72.2+	20.2	n.a.	17.1	25.2	11.7++	n.a.
New dwellings per 1000 inh 1997	5.7++	2.0	1.4	n.a.	0.9	2.7	2.1	1.3
New dwellings: useful floor space, sq m	n.a.	97.6	87.5	n.a.	85.2	n.a.	n.a.	88.1
New dwellings: share of houses, %	79.7#	51.5#	60.7	n.a.	98.2	45.3	n.a.	57.7
New dwellings: average size, sq.m., 1994		91	72		84	84	71	70
Housing investment in % to GNP, 1994		2.0	0.9		0.8	2.0		0.7

Notes:

SEE-5 data is the average of the data of those of the 5 countries which have submitted data.

*EU-15 represented only by AU, DK, FIN, F, D, IRE, N.

**EU-15 represented only by AU, FIN, F, IRE, CEE-5 represented only by CZ, H, SLO.

***EU-15 represented only by AU, DK, FIN, F, IRE, CEE-5 represented only by CZ, H, POL, SLO.

+EU-15 represented only by AU, DK, FIN, F, D, IRE, CEE-5 represented only by CZ, POL, SLO.

++EU-15 represented only by AU, DK, FIN, F, D, GR, IRE, ITA, LUX, N, SWE.

#EU-15 represented only by AU, FIN, D, GR, IRE, ITA, LUX, N, SWE, CEE-5 represented only by CZ, H, SLO.

+The 1994 Census in the Republic of FYROM ++Household Consumption in FYROM in 1999.

Source: MRI, 1996 (first four rows), UN/ECE, 2000b (own calculations).

Table 2A-3 Sub-sectors of the Stock: Tenure Categories

	EU-15	CEE-5	SEE-5	Albania	Bulgaria	Croatia	FYROM	Romania
Dwelling stock, tenure categories, 1990:	15 %	28 %	19 %	36 %	7 %	26 %		21 %
public rental, %								
other rental, %	21 %	12 %	2 %	nap	2 %	4 %		1 %
owner occupied, %	60 %	49 %	78 %	64 %	91 %	69 %		76 %
other housing, %	4 %	11 %	1 %	nap	nap	1 %		2 %
Dwelling stock, tenure categories, 1994:	14 %	23 %	8 %	2 %	7 %	11 %	4 %	8 %
public rental, %								
other rental, %	23 %	12 %	3 %	nap	3 %	4 %		3 %
owner occupied, %	59 %	52 %	89 %	98 %	90 %	84 %	95 %	89 %
other housing, %	4 %	13 %	0 %	nap	nap	1 %	1 %	0 %
Public rental sector: % of units in multi-family house		98,2	57,1		96,0			45,0
Owner occ. Sector: % of units in multi-family house		14,8	39,8	35,8	44,6			45,0
Public rental sector: % privatized up to end 1994		11,8	67,5	98,0	9,5	55,2		74,1
Public rental sector: % restituted up to end 1994		2,0	1,0	3,6	5,0	nav		nap

SEE-5 data is the average of the data of those of the 5 countries which have submitted data; nap: non applicable, nav: non available.

Source: MRI, 1996, EU, 1998.

Table 2A-4 Indicators of Housing Affordability and Housing Finance

	EU-15	CEE-5	SEE-5	Albania	Bulgaria	Croatia	FYROM	Romania
Rent to income ratio, public rental sector, 1994		2.7	0.5	Nav	nav	1.3	nav	0.2
Rent to income ratio, private rental sector, 1994		4.2	25.5	Nav	19.0	nav	nav	28.5
Utility to income ratio, public rental sector, 1994		11.5	7.2	Nav	6.8	nav	nav	9.5
House price to income ratio, 1994		5.2	5.0	Nav	5.8	nav	nav	4.7
Housing investment in % of GDP		2.0	0.9	Nav	0.8	2.0	nav	0.7
Housing credit portfolio		12.8	1.5	8.9	1.9	nav	nav	0.6
Credit to value (transactions with loan)		41.1	55.8	Nav	11.0	nav	nav	75.6
Credit to value (all transactions)		16.2	3.6	Nav	5.5	nav	nav	3.5

SEE-5 data is the average of the data of those of the 5 countries which have submitted data. nap: non applicable, nav: non available.

Source: MRI, 1996.

